

Message Text

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ACTION AGRE-00

INFO OCT-01 NEA-11 ISO-00 EB-08 AID-05 COME-00 TRSE-00

IO-14 ICAE-00 SSO-00 NSCE-00 CIAE-00 INR-10

NSAE-00 INRE-00 /049 W

-----077585 151635Z /43

O 151626Z JUN 78

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 0384

UNCLAS CAIRO 15176

DEPT. PASS USDA/OGSM/POD

E.O. 11652: N/A

TAGS: EAGR, EAID, EG

SUBJECT: CONDITION DISPUTE RE WHEAT FLOUR BETWEEN

- ESTRAM AND PILLSBURY

REES: (A) TOOAS 172, (B) STATE 151820

1. FOLLOWING AMBASSADOR'S INTERVENTION ON BEHALF PILLSBURY TO MINISTER OF SUPPLY ON 6/12, REPORTED REFTEL (A), MR. ISSA INFORMS US THAT ATTITUDE OO ESTRAM SIGNIFICANTLY IMPROVED, HE BELIEVES MATTER NOW CLOSE TO SOLUTION SATISFACTORY TO BOTH SIDES, AND ISSA DEPARTED CAIRO FOR PARIS MORNING OO 6/15.

2. AS WE UNDERSTAND IT, SITUATION IS AS FOLLOWS:

(A) ESTRAM WILL AUTHORIZE PAYMENT OF DOLLARS 1.5 MILLION OUT OF TOTAL 1.7 MILLION UNDER LETTER OF CREDIT (L/C); (B) PERFORMANCE BOND IN AMOUNT OF DOLLARS 489,000 WILL CONTINUE IN FORCE UNTIL END JULY; AND (C) PENDING FINAL APPROVAL EXPECTED LATER THIS WEEK BY MINISTRY OF HEALTH, FLOUR WILL BE RELEASED INTO DISTRIBUTION WITHOUT ADDITIONAL FUMIGATION OR SIFTING. IF, AS EXPECTED, THERE ARE NO COSTS INCURRED
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FOR FUMIGATION OR SIFTING, ESTRAM WILL INSTRUCT BANK TO PAY BALANCE OF L/C AND WILL RELEASE PERFORMANCE BOND. SAADANI APPARENTLY FINALLY AGREED THERE ARE FEW IF ANY CIRCUMSTANCES UNDER WHICH FAS SELLER CAN BE HELD RESPONSIBLE FOR DEMURRAGE AT PORT OF DESTINATION. WHILE PILLSBURY HAS GRUMBLED ABOUT INTEREST ON MONEY TIED UP FOR 2 MONTHS, ESTIMATED AT DOLLARS 34,000 TO

DATE PLUS ADDITIONAL AMOUNT TO BE INCURRED UNTIL BALANCE
OF L/C PAID AND PERFORMANCE BOND RELEASED, ISSA DOES
NOT BELIEVE THEY WILL SERIOUSLY PUSH THIS ISSUE. IF
ANY COSTS ARE CHARGED TO PILLSBURY, THEY HAVE
NOW BEEN GIVEN RIGHT TO ARBITRATION (WHICH ISSA CONSIDERS
VERY IMPORTANT CONCESSION).

3. PRIOR TO DEPARTURE, ISSA CALLED ON AMBASSADOR AND
AGATTACHE TO EXPRESS THANKS FOR ASSISTANCE RENDERED AND
REPORT STATUS OF AFFAIRS AS ABOVE. SINCE PILLSBURY
REPRESENTATIVE IS SATISFIED WITH SITUATION, AND IS
RECOMMENDING THAT PILLSBURY ACCEPT THESE ARRANGEMENTS,
WE BELIEVE IT IS UNNECESSARY FOR EMBASSY TO PRESS MATTER
ANY FURTHER AT THIS TIME. EILTS

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Message Attributes

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Draft Date: 15 jun 1978
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Disposition Approved on Date:
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Review Release Date: N/A
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